109TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
109–535

TO ESTABLISH A GRANT PROGRAM WHEREBY MONEYS COLLECTED FROM VIOLATIONS OF THE CORPORATE AVERAGE FUEL ECONOMY PROGRAM ARE USED TO EXPAND INFRASTRUCTURE NECESSARY TO INCREASE THE AVAILABILITY OF ALTERNATIVE FUELS

JUNE 28, 2006.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BARTON of Texas, from the Committee on Energy and Commerce, submitted the following

R E P O R T

[To accompany H.R. 5534]

[Including cost estimate of the Congressional Budget Office]

The Committee on Energy and Commerce, to whom was referred the bill (H.R. 5534) to establish a grant program whereby moneys collected from violations of the corporate average fuel economy program are used to expand infrastructure necessary to increase the availability of alternative fuels, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

CONTENTS

49–006

PURPOSE AND SUMMARY

The purpose of H.R. 5534 is to establish a grant program whereby moneys collected from violations of the Corporate Average Fuel Economy program are used to expand infrastructure necessary to increase the availability of alternative fuels.

BACKGROUND AND NEED FOR LEGISLATION

Today, nearly six million Americans drive flex-fuel vehicles. These cars are capable of running on gasoline or renewable fuels like E–85, which is 85 percent ethanol. Unfortunately, renewable fuels infrastructure has not kept pace with the number of renewable fueled cars on the road, and today only approximately 800 gas stations have E–85 pumps installed, which is less than 1 percent of all gas stations.

With gas prices at record highs, there is great interest in reducing the country's dependence on foreign oil by making alternative fuels more available to drivers. To achieve this, H.R. 5534 uses the penalties automakers pay for failing to meet Corporate Average Fuel Economy (CAFE) standards to provide grants to install alternative fuel infrastructure.

In particular, H.R. 5534 allows independent gas stations to apply for targeted grants of $30,000 to be used for the installation of E–85 pumps and other alternative fuel infrastructure. With approximately $20 million collected from CAFE penalties annually, this legislation could double the number of alternative fuel pumps in the United States in one year.

HEARINGS

The Committee on Energy and Commerce has not held hearings on the legislation.

COMMITTEE CONSIDERATION

On Tuesday, June 20, 2006, the Committee on Energy and Commerce met in open markup session and ordered H.R. 5534 reported to the House, without amendment, by a voice vote, a quorum being present.

COMMITTEE VOTES

There were no record votes taken in connection with ordering H.R. 5534 reported. A motion by Mr. Barton to order H.R. 5534 reported to the House, with amendment, was agreed to by a voice vote.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee has not held oversight or legislative hearings on this legislation.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

The goal of H.R. 5534 is to establish a grant program whereby moneys collected from violations of the Corporate Average Fuel Economy program are used to expand infrastructure necessary to increase the availability of alternative fuels.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that H.R. 5534, would result in no new or increased budget authority, entitlement authority, or tax expenditures or revenues.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

JUNE 22, 2006.

Hon. JOE BARTON,
Chairman, Committee on Energy and Commerce,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 5534, a bill to establish a grant program whereby moneys collected from violations of the corporate average fuel economy program are used to expand infrastructure necessary to increase the availability of alternative fuels.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Leigh Angres and Megan Carroll.

Sincerely,

DONALD B. MARRON,
Acting Director.

Enclosure.

H.R. 5534—A bill to establish a grant program whereby moneys collected from violations of the corporate average fuel economy program are used to expand infrastructure necessary to increase the availability of alternative fuels

Summary: H.R. 5534 would establish a Department of Energy (DOE) grant program to support the installation of equipment at gas stations for the delivery of alternative fuels. CBO estimates enacting the bill would increase direct spending by $5 million in 2007 and by $225 million over the 2007–2016 period because it would authorize spending without further appropriation of amounts currently collected for violations of corporate average fuel economy (CAFE) standards. Enacting the bill would not affect revenues.

H.R. 5534 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA); the bill would benefit State, local, and tribal governments and any costs would be incurred voluntarily.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 5534 is shown in the following table. The costs of this legislation fall within budget function 270 (energy).

	By fiscal year, in millions of dollars—									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CHANGES IN DIRECT SPENDING										
Estimated Budget Authority	25	25	25	25	25	25	25	25	25	25
Estimated Outlays	5	20	25	25	25	25	25	25	25	25

Basis of estimate: Under current law, the Department of Transportation charges penalties for automakers' violations of CAFE standards. In recent years, such collections have ranged from $51 million in 2000 to $5 million in 2003. H.R. 5534 would require that the penalties be transferred to a new interest-bearing fund. Amounts in the proposed fund would be available, without further appropriation, to DOE for a grant program to support the installation of equipment at gas stations for the delivery of alternative motor fuels.

CBO estimates the fines that would be directed to the proposed fund would total $24 million annually, and interest on the balance of the fund would total about $1 million annually. Based on spending patterns of similar grant programs administered by DOE, CBO estimates enacting the bill would increase direct spending by $5 million in 2007 and by $225 million over the 2007–2016 time period.

Intergovernmental and private-sector impact: H.R. 5534 contains no intergovernmental or private-sector mandates as defined in UMRA. Grants established by the bill may benefit State, local, and tribal governments that choose to construct or expand infrastructure to increase access to alternative fuels. Any costs they might incur would result from complying with conditions of federal assistance.

Estimate prepared by: Federal Costs: Leigh Angres and Megan Carroll. Federal Revenues: Emily Schlect. Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum. Impact on the Private Sector: Craig Cammarata.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional authority for this legislation is provided in Article I, section 8, clause 3, which grants Congress the power to regulate commerce with foreign nations, among the several States, and with the Indian tribes.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Fuel Economy Fund and Alternative Fuel Grant Program

Section 1(a)(1) creates a Fuel Economy Fund (Fund) with amounts transferred to the Fund from the total amount deposited in the general fund of the Treasury in the preceding fiscal year from fines, penalties, and other moneys collected under the CAFE program (49 U.S.C. 32912). The Secretary of Energy (Secretary) is directed to invest such portion of the Fund that is not required to meet current withdrawals in interest bearing obligations of the United States. The amounts in the Fund shall be made available to the Secretary to carry out the grant program.

Section 1(b) requires the Secretary to establish and carry out a grant program to expand the availability of alternative fuels through the Clean Cities Program administered through the Department of Energy. Any entity eligible for assistance through the Clean Cities program will be eligible for a grant under this section, except that no grant shall be awarded to a large, vertically integrated oil company. Grants shall not exceed $30,000, or $60,000 in any fiscal year. The grants under this section shall be used for the construction or expansion of infrastructure necessary to increase the availability to consumers of alternative fuels (as defined in 49 U.S.C. 32901(a)(1)). Not more than three percent of grant funds may be used for administrative costs.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

This legislation does not amend any existing Federal statute.

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